

Education Finance Committee Hearing on HF 1860 – January 24, 2012

Prepared Testimony of Eugene Piccolo

Good afternoon.

Let me begin my remarks by stating that the MN Association of Charter Schools is in favor of H.F. 1860 and that we support it for three simple reasons: **equity, fairness and justice.**

First, let me talk about equity. There is a growing inequity or disparity between the funding for public school students who attend charter schools and those who attend traditional district schools.

In 2010, Ball State University, Indiana, released a study that looked at the revenue sources and funding levels in charter and traditional district schools in each state.

What it found is that during the 2006-2007 school year, on a statewide basis weighted for charter enrollment, charter school students were receiving 12.9% less in per pupil revenue than their counterparts in traditional districts.

The study also looked at the disparity in funding in St. Paul and Minneapolis and compared it to the disparity in 2002-2003. In St. Paul the disparity in funding grew from 9.1% in 2002-2003 to 13.4% in 2006-2007. In Minneapolis it is even higher at 13.4% in 2002-2003 and 21.1% in 2006-2007.

Since 2006-2007 these disparities have grown even wider. So what accounts for the ever-growing inequity in funding between students who attend public charter schools and traditional public schools?

There seem to be two major reasons:

- First is the fact that the responsibility for the funding of education has been shifting from state revenues to local revenues, and charter

school students are currently funded with state and federal funds. They do not receive funds generated at the local level.

- Second, at the same time that shift has occurred there has been a phased out elimination of the referendum equalization formula aid that the state provided for charter school students. While that equalization aid was never actually equal to the per pupil amount generated in local operating levy referendums, it was an effort to ensure some modicum of equity.

While the enactment of H.F. 1860 will not completely end the disparity of funding for students who attend charter schools, it will make a significant difference in making education funding more equitable in jurisdictions where traditional districts have operating levies, which is more and more districts each year.

Second, there is the issue of fairness. When traditional districts figure out the potential revenue that an operating levy will generate, they count all the students in their district no matter what public school they attend, including those who attend public charter schools. So revenue is generated from local taxes for educating all the students who reside in the district, yet if a student chooses to attend a different type of public school – a public charter school – the revenue generated for his or her education by the local community is not being spent on that pupil because that revenue does not follow the student.

This raises a basic public policy question: Is it fair to ask citizens to increase their local taxes for the education of all the students who reside in a district, and at the same time tell parents and students they have a choice of which public school to attend, and then not have the money raised for students follow the student because of the public school they decide to attend within the district?

It is hard to comprehend how a system that generates revenue for all students and tells people that they have choices, yet penalizes people for exercising their choice, is a fair funding system.

Finally, there is the matter of justice. In recent months there have been articles that state that because parents and students of low-income and minority families are choosing public charter schools in significant numbers, charter schools are re-segregating public schools. Segregation by definition is state action. The free choice of parents and children is not state action, so parents choosing one type of public school over another is not an act of segregation. Charter schools are responding to the need of parents and students:

- Why else would charter schools in MN have an average of twice the percentage of low-income students as the state average?
- Why else would charter schools in MN enroll an average of twice the percentage of minority students as the state average?
- Why else would charter schools in MN enroll an average of three times the percentage of ELL students as the state average?

What we have is not what the critics claim. One could make the argument that what we do have, however, is state sanctioned discrimination in educational funding against public school students and families who choose to exercise their choice of public schools.

The fact that a significant number of these students are low-income, minority and limited English proficiency is more than a cause for concern; it is a cause for alarm when we see that many students in these segments have the highest achievement gaps and the fact that funding for their education is not equal simply because of the education choice they and their parents have made.

H.F. 1860 will help to address this unfortunate consequence of a funding system where all funding does not follow students to schools they choose to attend.

Again, the MN Association of Charter Schools supports H.F. 1860 as a step in achieving equity, fairness and justice in funding for the 40,000 public school students who choose to exercise their choice within the public school system of Minnesota.